

## **REMARKS**

Prior to addressing the substance of the Final Rejection, the Applicant believes a brief summary of the current invention would aid in an understanding of the following arguments. With reference to the pending application, the current invention describes a secure system for purchases made on-line. System security is insured by requiring the presence of a digital information storage device such as a CD ROM physically within the computer system being used to make the on-line purchase. The system being used to make the purchase includes customer specific code installed and retained thereon which provides the means for determining the presence of the digital information storage device. Thus, the system for making on-line purchases provides two layers of security: an authentication of the article, e.g. the CD ROM and authentication of the user.

As noted at page 13 of the current application, the personal electronic apparatus and the methods for setting up the system for purchasing goods and services via the internet described in claims 1-3 are not appropriate for publicly available devices such as ATM's. The dual layer security aspects of the present invention necessitate use of the invention on a personal electronic apparatus such as a personal computer or handheld computer. As noted by the claims, customer specific code is installed and retained by the personal electronic apparatus and cooperates with the verifying means to permit secured purchases over the internet.

When used to make purchases over the internet, the personal electronic apparatus is linked to both a merchant's website and a bank server. Provided that the removable article, e.g. a CD ROM, memory stick or other similar device, has been inserted into the personal computer, a customer may make a secured purchase at a vendor's website. As described at pages 20 and 21, the request for a purchase initiates the exchange of several packets via the internet between the

computer systems of the bank, the merchant and the customer in a secured manner. Additionally, the system permits payment to the merchant via the banking network in a secured manner.

As noted at pages 16-19, the method for setting up the personal computer for secure transactions over the internet is also conducted in a secure manner. In brief terms, the user of the personal computer is provided with a CD ROM and a PIN for use on the personal computer. To complete the setup of the system, the user must contact the bank's computer system in order to download the remainder of the software necessary to activate the system. When the PIN is entered into the system, the software contained on the removable article, (CD ROM, memory stick, etc.) and the downloaded software obtained from the bank via the internet is merged into a working software application. Provided however, the system will not work during purchases unless the removable article is installed within the personal computer during the purchase.

In the Office Action dated June 7, 2005, the Examiner rejected claims 1-3 under 35 U.S.C. § 102(e) as being anticipated by Wang, USPN 6,282,656. For the reasons discussed below, Applicant respectfully traverses this rejection.

"The factual determination of anticipation requires the disclosure in a single reference of every element of the claimed invention." *Ex parte Levy*, 17 U.S.P.Q.2d 1461, 1462 (B.P.A.I. 1990). When rejecting the claims under §102, the Examiner must "identify wherein each and every facet of the claimed invention is disclosed in the applied reference." *Id.* Further, as stated by the Board in *Ex parte Levy*, "the initial burden of establishing a *prima facie* basis to deny patentability to a claimed invention rests upon the Examiner." 17 U.S.P.Q.2d at 1463-64, citing *In re Piasecki*, 754 F.2d 1468, 223 U.S.P.Q. 785 (Fed. Cir. 1984). Thus, the burden of comparison does not shift to the Applicant until the Examiner establishes a *prima facie* basis for

the rejection. Finally, inherent anticipation requires citation of a prior art reference which sufficiently describes and enables at least one embodiment that necessarily features or results in the subject matter embraced by the claim limitation. *Toro Co. v. Deere & Co.*, 355 F.3d 1313, 1321, 69 U.S.P.Q.2d 1584, 1590-91 (Fed. Cir. 2004).

The Applicant respectfully submits that the Examiner failed to establish a *prima facie* basis for rejecting the pending claims under §102. Finally, the Applicant respectfully submits that the Examiner's rejection of the claims is a result of a failure to read the pending claims in light of the specification.

The Wang reference fails to teach or suggest a personal electronic apparatus suitable for ensuring the security of electronic transactions as described by the pending claims. At page 3 of the Official Action, the Examiner concludes that Wang provides "an article removably (item 200) inserted into the personal electronic apparatus, the article bearing machine readable code (see., Figs 3A, 3B and Fig 4, Abstract, col. 5, lines 10-67, col. 7, lines. 8-39)." The Applicant has carefully reviewed the entire Wang disclosure including searching for the words "remove" and "removably." The Applicant failed to discover any indication of such capabilities by the Wang disclosure.

In commenting on Applicant's prior arguments, the Examiner also references column 1, lines 10-67 and column 3, lines 5-60. Column 1 references prior art devices such as ATM's. Column 3 is merely the summary of the invention with the details of the Wang invention being provided in the previously identified columns.

While ATM's use a card containing data, this data would not be considered machine readable software code as that term is known to those skilled in the art. Thus, the disclosure of Wang in column 1 is insufficient to anticipate the pending claims. Further, as previously noted,

the Wang disclosure in the referenced portions of columns 5 and 7 fails to teach or suggest the use of a removable article in conjunction with a personal electronic apparatus.

In fact, the Applicant respectfully submits that Wang fails to teach or suggest the use of a personal electronic apparatus as that term is defined by the specification and used by the pending claims. Rather, Wang provides an electronic authorization device 200 which cooperates with a requesting device 202. Requesting device 202 is best thought of as an ATM or a merchant's computer system. Device 200 identifies the user to ATM 202 or other similar transactional system. Wang's portable electronic authorization device 200 is a closed box or a smart card as depicted in Fig. 5C. Neither embodiment provides for the insertion of an article such as a CD ROM, memory stick or other similar device into device 200 or smart card 550. As such, neither authorization device 200 nor smart card 550 requires or provides a means to verify or determine if such an article has been inserted. Thus, the Applicant respectfully submits that Wang's description of authorization device 200 and smart card 550 fails to teach or suggest elements a. and c. of Claim 1.

The Applicant respectfully submits that Wang fails to teach or suggest a setup method as provided in Claim 2. Specifically, Wang does not teach or suggest splitting of the software into a first portion which is written to an article removably inserted into the personal electronic apparatus. Additionally, since Wang does not split the software necessary for operation of the personal electronic apparatus, Wang does not disclose the step of the customer contacting the bank to download the second portion of the necessary software to the personal electronic apparatus. Rather, Wang places all the necessary software for operation of the electronic authorization device 200 within device 200. As noted in column 6, lines 21-34 of Wang, "transaction approvals occur entirely within PEAD 200...." Further, the only download of

software disclosed by Wang is from a server to the requesting device 202, i.e. the ATM or merchant's computer, e.g. see col. 14, lines 27-40. Thus, Wang does not teach the download of a portion of software to the authorization device 200 or to a personal electronic apparatus. Clearly, the device and system disclosed by Wang lacks any similarity to the device and method set forth in pending Claims 1-3.

### CONCLUSION

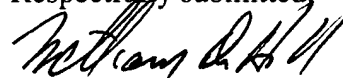
Summarizing the foregoing discussion, the cited art does not anticipate (or render obvious) the apparatus and setup methods described in the pending claims. Rather, the cited art merely discloses a device suitable for enabling ATM transactions. Further, the Final Action did not establish a prima facie basis for the §102 rejection.

In view of the foregoing arguments over the cited art and the basis for the §102 rejection, the Applicants respectfully request that the Examiner reconsider and withdraw the rejection of the pending claims. A formal Notice of Allowance of Claims 1-3 is earnestly solicited. Should the Examiner care to discuss any aspect of the foregoing response in greater detail, the undersigned attorney would welcome a telephone call.

This is intended to be a complete response to the Office Action mailed on June 7, 2005.

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Date

Respectfully submitted,



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